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COMMUNITY VOLUNTEERS ASSOCIATION

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 08-07-01

Ericksen, Krentel, Canton & LaPorte, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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Ericksen, Krentel, Canton & LaPorte, L.L.P.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Volunteers Association

We have audited the accompanying statement of financial position of Community Volunteers Association (a nonprofit organization) as of June 30, 2000, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Community Volunteers Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the *Louisiana Governmental Audit Guide* and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Volunteers Association as of June 30, 2000, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2000 on our consideration of the Community Volunteers Association's internal control structure and on its compliance with laws and regulations.

December 20, 2000

Ericksen, Krentel, Canton & LaPorte, LLP

Certified Public Accountants

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2000

ASSETS

CURRENT ASSETS:

| | | |
|---------------------------|----|---------------|
| Cash and cash equivalents | \$ | 53,449 |
| Grant receivable | | <u>16,317</u> |

| | | |
|----------------------|--|---------------|
| Total current assets | | <u>69,766</u> |
|----------------------|--|---------------|

PROPERTY AND EQUIPMENT:

| | | |
|--------------------------------|--|----------------|
| Furniture and equipment | | 9,354 |
| Less: accumulated depreciation | | <u>(8,551)</u> |

| | | |
|------------------------------|--|------------|
| Total property and equipment | | <u>803</u> |
|------------------------------|--|------------|

| | | |
|--------------|----|----------------------|
| Total assets | \$ | <u><u>70,569</u></u> |
|--------------|----|----------------------|

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

| | | |
|-----------------------|----|--------------|
| Accounts payable | \$ | 12,088 |
| Payroll taxes payable | | <u>3,073</u> |

| | | |
|---------------------------|--|---------------|
| Total current liabilities | | <u>15,161</u> |
|---------------------------|--|---------------|

NET ASSETS:

| | | |
|--------------|--|---------------|
| Unrestricted | | <u>55,408</u> |
|--------------|--|---------------|

| | | |
|----------------------------------|----|----------------------|
| Total liabilities and net assets | \$ | <u><u>70,569</u></u> |
|----------------------------------|----|----------------------|

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2000

SUPPORT AND OTHER REVENUE

| | |
|----------------------------|----------------|
| Support | \$ 558,886 |
| Interest income | 1,417 |
| Other income | 3,542 |
| Loss on disposal of assets | <u>(1,674)</u> |

| | |
|--|----------------|
| Total unrestricted support and other revenue | <u>562,171</u> |
|--|----------------|

EXPENSES

| | |
|----------------------------|---------------|
| Program services | 495,916 |
| Supporting services: | |
| General and administrative | <u>69,941</u> |

| | |
|----------------|----------------|
| Total expenses | <u>565,857</u> |
|----------------|----------------|

| | |
|-------------------------------------|---------|
| Decrease in unrestricted net assets | (3,686) |
|-------------------------------------|---------|

| | |
|--|---------------|
| Beginning unrestricted net assets, as restated | <u>59,094</u> |
|--|---------------|

| | |
|--------------------------------|-------------------------|
| Ending unrestricted net assets | <u><u>\$ 55,408</u></u> |
|--------------------------------|-------------------------|

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2000

| | <u>Program Services</u> | <u>Supporting Services</u> | |
|--|-----------------------------|---------------------------------------|--------------------------|
| | | <u>General and Administrative</u> | <u>Total</u> |
| Salaries | \$ 87,293 | \$ 11,213 | \$ 98,506 |
| Payroll taxes | <u>11,400</u> | <u>1,376</u> | <u>12,776</u> |
| Total salaries and related expenses | 98,693 | 12,589 | 111,282 |
| Accounting | - | 10,350 | 10,350 |
| Advertising | 5,000 | - | 5,000 |
| Contractual services | 9,000 | 9,000 | 18,000 |
| Legal | - | 4,078 | 4,078 |
| Miscellaneous | 712 | 2,885 | 3,597 |
| Newsletter | 6,970 | - | 6,970 |
| Office | - | 14,075 | 14,075 |
| Other | - | 300 | 300 |
| Postage | - | 476 | 476 |
| Photography | 1,300 | - | 1,300 |
| Programs | 357,477 | - | 357,477 |
| Rent - office | - | 13,224 | 13,224 |
| Repairs and maintenance | - | 707 | 707 |
| Telephone | 3,964 | 1,095 | 5,059 |
| Transportation | 12,000 | - | 12,000 |
| Travel | <u>800</u> | <u>84</u> | <u>884</u> |
| Total expenses before depreciation and amortization | 495,916 | 68,863 | 564,779 |
| Depreciation of property and equipment | <u>-</u> | <u>1,078</u> | <u>1,078</u> |
| Total expenses | <u><u>\$ 495,916</u></u> | <u><u>\$ 69,941</u></u> | <u><u>\$ 565,857</u></u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2000

CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:

| | |
|---|-------------------------|
| Decrease in net assets | \$ (3,686) |
| Adjustments to reconcile decrease in net assets to net cash from (used for) operating activities: | |
| Depreciation and amortization | 1,078 |
| Loss on disposal of assets | 1,674 |
| Decrease in grants receivable | 3,950 |
| Decrease in accounts payable | (9,750) |
| Increase in other liabilities | 1,224 |
| | <hr/> |
| Total adjustments | (1,824) |
| | <hr/> |
| Net cash used for operating activities | (5,510) |
| | <hr/> |
| Net decrease in cash and cash equivalents | (5,510) |
| Cash and cash equivalents at beginning of year | 58,959 |
| | <hr/> |
| Cash and cash equivalents at end of year | <u><u>\$ 53,449</u></u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Community Volunteers Association (the Association) is chartered in the State of Louisiana as a non-profit corporation. The Association was organized for the following purposes:

1. To administer programs for high-risk youth that use strategies to improve skills of such youth, such as educational counseling and job skills training;
2. To develop and implement new strategies to communicate anti-drug messages to youth; and
3. To implement various other community-based programs to assist high-risk youths as needed.

All of the activities will be carried out under various agreements with the State of Louisiana. Its current programs include:

After School Tutorial/Cultural Enrichment

Student profile performances in New Orleans public schools indicate under achievement, low standardized test scores, low self-esteem and in some cases high absenteeism. A need exists to improve student motivation to succeed in school. Such improvement can be accomplished through afterschool tutorial and cultural programs. Enrichment in academics and exposure to cultural activities were offered to enable students to reach goals otherwise unattainable.

Conflict/Violence/Drug Intervention

The Drug Free Club addresses drug abuse prevention by presenting positive alternatives and resources prior to the years when problems occur. The idea is to reach children with preventive measures rather than having to cure already existing problems.

The goal of the Violence Intervention Program is to promote positive self-image and self worth, respect for self and others and a working knowledge of the correct and appropriate manner of dealing with crisis situations and conflicts.

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2000

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Community Outreach

Community Outreach Program was designed to equip the target population with various avenues by which they can obtain pertinent information to improve living situations. Health Education, Environmental Awareness, Job Training and Community Information Seminars are provided to enhance the quality of life for community members.

Youth Job Training

Job Training program offers employment skills training, entrepreneurship training, and career and personal counseling through workshops.

Camp Enhancement Summer Programs

Camp Enhancement Summer Program was a collaboration between Community Volunteers Association and area summer camps to provide academic enrichment, cultural awareness and recreational activities such as swimming to at risk youth.

Senior Care

Community Volunteers Association's Senior Care Program seeks to address the needs of the elderly, who qualify, by offering services that enhance the quality of life and social and cultural awareness.

Teen Pregnancy Prevention Program

The Association uses a multi-faceted approach to teen pregnancy prevention through this program. Approximately 300 youth between the ages of 11 and 17 participate in structured activities geared toward healthy attitudes about relationships and positive self-esteem.

Home Improvement Program

The mission of this program is to revitalize and beautify homes of elderly who cannot afford needed repairs. Such repairs include indoor and outdoor painting, some yard work, minor construction, carpentry and weatherization.

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2000

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The accrual basis of accounting is followed by the Association.

Cash

Cash consists of funds maintained in savings and bank accounts.

Property and Equipment

Property and equipment are carried at cost. Additions, improvements, and betterments to property and equipment in excess of \$500 are capitalized. Depreciation is calculated over an estimated useful life of five years using the straight-line method. Depreciation expense for the year ended June 30, 2000 was \$1,078.

Support and Revenues

Support and revenues are recognized when earned.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or the board of directors.

Functional Expenses

Expenses are charged directly to program services or supporting services in general categories based on specific identification. Indirect expenses have been allocated based on a percentage of direct expenses, as determined by the grantor agency.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

The Association expenses all nondirect-response advertising costs as incurred. For the year ended June 30, 2000, advertising costs totaled \$5,000.

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2000

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation.

(2) SUPPORT

Support is comprised of grant revenues received under various agreements with the State of Louisiana. For the year ended June 30, 2000, revenues from these grants totaled \$558,886.

(3) CONCENTRATIONS

The Association maintains cash balances at one financial institution. Accounts at the institution are insured by Federal governmental agencies up to \$100,000. At June 30, 2000, \$66,178 was uninsured and uncollateralized.

(4) ECONOMIC DEPENDENCY

The Association derives a material part of its revenues from a grant administered by the Governor's Office of Urban Affairs and Development. For the year ended June 30, 2000, revenues from this source totaled \$402,750.

(5) LEASES

The Association leases office space and a copier under the terms of operating leases expiring in 2001 and 2003.

Rent expense for the office space is reduced by \$400 per month as a result of a sub-lease of a portion of the office space.

Rent expense related to these leases was \$19,051 for the year ended June 30, 2000. Future obligations over the primary terms of the lease as of June 30, 2000 are:

| | | |
|------|----|--------|
| 2001 | \$ | 20,430 |
| 2002 | | 18,200 |
| 2003 | | 19,120 |

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2000

(6) PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2000 an adjustment was made to net assets to record the 1999 revenues and expenses from the Women's Services Program. The net effect of this adjustment was a \$111 increase in unrestricted net assets.

Ericksen, Krentel, Canton & LaPorte, L.L.P.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Community Volunteers Association

We have audited the financial statements of Community Volunteers Association as of and for the year ended June 30, 2000, and have issued our report thereon dated December 20, 2000. We conducted our audit in accordance with generally accepted auditing standards, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Community Volunteers Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Volunteers Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Community Volunteers Association's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2000-1 and 2000-2.

To the Board of Directors
Community Volunteers Association
December 20, 2000
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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-1 and 2000-2 to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specific parties.

December 20, 2000

Ericksen, Krentel, Canton & LaPorte, LLP

Certified Public Accountants

We have audited the financial statements of Community Volunteers Association as of and for the year ended June 30, 2000, and have issued our report thereon dated December 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2000 resulted in an unqualified opinion.

a. **Report on Internal Control and Compliance Material to the Financial Statements**

Material Weaknesses X Yes ___ No
Reportable Conditions X Yes ___ No

Compliance Material to Financial Statements ___ Yes X No

Material Weaknesses ____ Yes ____ No
Reportable Conditions ____ Yes ____ No

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

| CFDA Number(s) | Name of Federal Program (or Cluster) |
|----------------|--------------------------------------|
|----------------|--------------------------------------|

COMMUNITY VOLUNTEERS ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2000

Dollar threshold used to distinguish Type A and Type B Programs \$ _____

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?
____ Yes ____ No **Not Applicable**

SECTION II FINANCIAL STATEMENT FINDINGS

2000-1 Cash Management System

Criteria: Safeguarding of assets requires that monthly bank reconciliations be prepared for all bank accounts.

Condition: Our evaluation of the internal control structure revealed an absence of controls over cash in the Women's Services Program cash account. Monthly bank reconciliations were not prepared during the year.

Effect: Intentional or unintentional errors could be made and not be detected.

Cause: Management failed to monitor the cash account of the Women's Services Program.

Recommendation: Management must monitor the cash activity in all bank accounts and require that monthly bank reconciliations are prepared for all accounts.

Management's Response: Management will begin monitoring cash activity and will require monthly bank reconciliations on all cash accounts.

2000-2 Financial Reporting System

Criteria: Completeness of accounting information requires that all transactions are recorded into the financial accounting and reporting system.

Condition: Transactions for a new grant received in 1999 were accounted for separately. The activity was not integrated into the main accounting system.

Effect: The Organization's general ledger did not reflect the overall financial activity of the Association. Certain payroll tax returns contained incorrect or incomplete information, resulting in the underpayment of payroll taxes and requiring those returns to be amended.

Cause: The accounting for the Women's Services Program was handled separately from the Association's other programs. As a result the financial information for this program was not given to the Association's bookkeeper to be included in the financial reporting system.

COMMUNITY VOLUNTEERS ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2000

Recommendation: The Association should account for all grants and programs collectively in one accounting system.

Management's Response: The Association will include all grants and programs in the information accounted for by the Association's bookkeeper.

COMMUNITY VOLUNTEERS ASSOCIATION
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2000

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

None

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
AWARDS**

Not Applicable

SECTION III MANAGEMENT LETTER

None